Dear EFRAG

Thank you for the opportunity to **comment on your discussion paper "Improving the Financial Reporting of Income Tax".**

While some of the proposals in the paper will provide a slight incremental benefit in the quality of reporting, I'm afraid the discussion paper rather misses the point. In paragraph 2.22, you observe correctly that "consolidation rules differ for book and tax purposes"
and that this "causes a problem when financial statement[s] are compared to the tax return". This is the root of the difficulty in understanding a global company's tax position from its financial statements. While a company such as, say, Barclays pays tax on the taxable profits earned by its subsidiaries but reports in its accounts the consolidated group profit in accordance with IFRS, there will always be differences.
Deferred tax only serves to confuse the position further, because so few users of accounts actually understand it.

I doubt that this problem can be solved by mandating additional disclosures. Instead, I believe that accounts regulators should encourage companies to ensure that they produce tax disclosures that are qualitatively meaningful, and to take action against those whose aren't.
I think mandated country-by-country reporting would be a big mistake as it would be too granular and expensive, but companies should be given the freedom to innovate to find new, sensible ways of producing transparent information on their tax positions that inform users. The IASB shouldn't presume that it alone can be the source of these new forms of disclosure.

Yours faithfully
Christie Malry
Chartered accountant
http://www.fcablog.org.uk